

## Message Text

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PAGE 01 LAGOS 07846 280433Z  
ACTION AF-10

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C O R R E C T E D C O P Y (TEXT GARBLED THROUGHOUT)

E.O. 11652: N/A  
TAGS: EAID, BENC, EM K, ENRG, BTIO, NI  
SUBJECT: STATUS REPORT ON MANAGEMENT NEEDS FOR COAL SECTOR

REF: LAGOS 7048

6. SSMARY: IN LIGHT OF RECENT COAL CORPORATION ADVERTISE-  
MENT FOR GENERAL MANGER, REPORTED REFTEL, EMBOFF CALLED  
ON MIN. MINES OFFICIALS. LATTER DEFINED TERMS OF GM'S  
CONTRACT MORE SPECIFICALLY AND RE-EMPHASIXAD NEED FOR  
STRON GENERAL MANGER. FROM OUR VANTAGE POINT, IT  
APPEARS THAT CONTRACT WILL GO TO A BRITISH NATIONAL. END  
SUMMARY.

2. EMBOFF ACCOMPANIED BY WILLIAM BEER ODRAVO CORPORATION,  
PITNBURGH CALLED ON PERMANENT SECRETARY FATOYE AND UMKER-  
SECRETARY (COAL) UDOFFA MORNING OF JUNE -. IN RESPONSE  
TO OUR REQUEST FOR STATUS REPORT ON NCC REQUEST FOR  
GENERAL MANAGER, FATOYE REPLIED THAT THE COMPANY SECRETARY  
WAS STILL IN THE PROCESS OF COLLATTING AND COMPARING  
RESUMES BUT IN ANY CASE THE MINISTRY WOULD NOT BE  
AWARE OF THE APPLICANTS UNTIL THEY HAVE BEEN PASSED  
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ON BY THE BOARD OF THE COAL CORPORATION. HE RE-  
EMPHASIZED THE NEED FOR A STRONG GENERAL MANAGER  
SASING THAT, QUOTE LARGE QUANTITIES OF COAL WILL  
NEED TO BE PRODUCED IN TWO OR THREE YEARS FOR OUR  
STEEL MILL AND A POSSIBLE THERMAL ELECTRIC POWER  
PLANTGINQUOTE. FYI: A SIGN THAT THE HIGHER LEVELS  
OF THE GOVERNMENT ARE AT LEAST SOMEWHAT AWARE OF

THE NEED TO EXPAND THE COAL SECTOR WAS PROVIDED BY A RECENT VISIT TO THE COAL FIELDS IN ENUGU BY HEAD OF STATE OBASANJO. HE IS REPORTED TO HAVE SAID THAT THE GOVERNMENT IS DESIROUS THA THE INDUSTRY SHOULD SUCCEED AND HE REPORTEDLY ASKED THAT MORE USES BE FOUND LOCALLY FOR THE USE OF COAL. END FYI.

3. AMERICAN BUSINESSMAN BEER ASKED FOR A BETTER DEFINITION OF THE GENERAL MANAGER'S CONTRACT TERMS REPORTED REFTEL. FATOYE SAID THAT THE HOUSE FOR THE GENERAL MANAGER IS LARGE, FULLY FURNISHED, AND QUOTE VERY VICE UNQUOTE. HE SAID THAT THE GENERAL MANAGER WOULD RECEIVE AN OFFICIAL CAR WITH DRIVER AND A LOAN FOR THE PURCHASE OF A PRIVATE CAR. THE GENERAL MANAGER WILL RECEIVE PAID LEAVE TO HIS HOME COUNTRY, FREE MEDICAL TREATMENT AT THE COMPANY HOSPITAL, AND WILL HAVE IMMIGRATION MATTERS TAKEN CARE OF BY THE NIGERIAN GOVERNMENT. AN EXPATRIATE GENERAL MANAGER WOULD BE TAXED JUST AS THOUGH HE WERE A NIGERIA,. IN RESPONSE TO WTTFFURTHER QUESTION BY BEER, FTOYE SAID THAT THE GM WOULD BE GIVEN A FREE HAND IN RUNNING THE CORPORATION SUBJECT TO BOARD POLICIES BUTH THAT COICE OF EQUIPMENT MUST BE BY OPEN COMPETITIVE INTERNATIONAL BIDDING.

4. A. COMMENT: FROM LAGOS, IT APPEARS THAT THE LIMITED OFFICIAL USE

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CONTRACT FOR A GM GK THE NIGERIAN COAL CORPORATION IS LIKELY TO GO TO A BRITISH NATIONAL. THIS WOULD SATISFY THE PERCEIVED NEED OF THE NIGERIANS FOR A FZNAMEIC EXPATRIATE MANAGER. IN ADDITION, AS WE REPORTED EARLIER, THE COST TO THE NIGERIANS WOULD BE ONLY AS MUCH AS THAT OF HIRING AN INDIGENOUS GENERAL MANAGER BECAUSE THE BRITISH HAVE XFFERED TO TOP OFF THE SALARY OF THEIR NATIONAL.

B. OUR OWN CHANCES SEEM GREATLY DIMINISHED BY THE WIDE GAP WHICH EXISTS BETWEEN WHAT THE NIGERIANS ARE OFFERING AND THE AVERAGE SALARY OF A SUITABLY QUALIFIED U.S. CITIZEN. BOTH FATOYE AND BEER NOTED THIS FACT. BEER SAID THAT DRAVO WOULD TRY TO MAKE SOME SORT OF A PROPOSAL BEFORE THE JULY 14 DEADLINE BUT IT WOULD BE DEPENDENT UPON U.S. GOVERNMENT PARTICIPATION. BEER RAISED THIS POSSIBILITY WITH VISITING AID OFFICER TOMAS MOSER AND INQUIRED ABOUT THE POSSIBILITY OF USING ACH REMAINING FUNDS FROM THE BLOCK GRANT ADMINSTERED BY TRANS-CENTURY CORPOR- ATION.

C. THE ROMANIANS AND POLES, WHO RECENTLYMSIGNED ECONOMIC COOPERATION AGREEMENTS WITH NIGERIA, REPRE-

SENT AN ALTERNATIVE POSSIBILITY. FATOYE SAID THAT BOTH GROUPS HAD EXPRESSED ESPECIAL INTEREST IN THE NIGERIAN MINING SECTOR. HOWEVER, THIER SELECTION IS DOUBTFUL AS THE NIGERIANS APPEAR VERY UNHAPPY WITH ORTHE LANGUAGE PROBLEMS AND MANAGEMENT INEPTITUDE P FAR ENCOUNTERED WITH THE POLES ON THE MINE MECHANIZATION CONTRACET. THE POSSIBILITY EXISTS THDL NOWE OF THE ANSWERS TO THE ADVERTISEMENT WOULD BE SATISFACTORY. IN THAT CASE, THE NIGERIAN COAL CORPORATION WOULD EITHER HAVE TO RELINQUISH ITS SEARCH OR MAKE A MORE COMPETITIVE OFFER. AS PART OF THE LATTER APPROACH, THE OBLIGATION FOR THE EXPATRIATE TO FUNCTION AS A NIGERIAN CIVIL SERVANT MIGHT BE WITHDRAWN.

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5. ACTION REQUESTED:

A. PLEASE INFORM JEROME F. DONOVAN OF ANDERSON, PENDLETON, MCMAHON, PYET & DONOVAN, 1000 16TH STREET N.W., WASHINTON, D.C., TELEPHONE (202) 659-2334 OF THE INFORMATION IN PARAGRAPH 3 AND IN REFTEL. IF DONOVAN'S CLIENT LS INTERESTED IN MAKING AN OFFZI YKDER THESEOG TERMS, HE SHOULD RESPON D DIRECTLY TO ENUGU BEFORE JULY 15. DONOVAN AND HIS CLIENT, BOLOGNA COAL COMPANY, COULD CALL PERSONALLY OR EMBASSY WOULD BE HAPPY TO FORWARD DOCUMENTS.

B. PLEASE ADVISE EMBASSY OF LATEST THINKING BY INTERAGENCY COMMITTEE AND PRIVATE SECOTR ON THE NIGERIAN COAL CORPORATION'S NEED FOR A GENERAL MANAGER.

WYMAN

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